

## Message Text

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PAGE 01 BRUSSE 14856 311510Z  
ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 CEA-01 CIAE-00 COME-00  
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 AGR-01 /127 W  
-----024373 311916Z /21

R 311508Z JUL 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 8153  
INFO ALL EC CAPITALS  
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY  
PARIS ALSO FOR USOECD  
GENEVA ALSO FOR USMTN

E.O. 11652: N/A  
TAGS: EAGR, EEC  
SUBJ: WINE SECTOR PROPOSALS

REF: BRUSSELS 14550

1. WHILE FULL DETAILS OF NEW COMMISSION WINE PROPOSAL,  
APPROVED BY THE COMMISSION ON JULY 26, ARE STILL NOT KNOWN,  
COMMISSION PRESS RELEASE INDICATES THAT THE PROPOSAL WILL  
INTRODUCE MEASURES (1) TO INCREASE THE MARKET OUTLETS FOR  
WINE THROUGH EXCISE TAX ADJUSTMENTS IN VARIOUS MEMBER  
STATES AND EXPORT PROMOTION CAMPAIGNS; (2) TO CONTROL  
PRODUCTION AND QUALITY THROUGH MODERNIZATION OF ABOUT  
200,000 HECTARES OF VINEYARDS AS WELL AS THE RECONVERSION  
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OR ABANDONMENT OF AN ADDITIONAL 100,000 HECTARES; (3) TO  
IMPROVE THE OPERATION OF THE MARKET THROUGH THE INTRODUC-  
TION (IN THE EVENT OF A MARKET CRISIS) OF A MINIMUM  
MARKETING PRICE ACCOMPANIED BY DISTILLATION MEASURES.

2. THE COMMISSION ESTIMATES THAT THE COST OF THE ABOVE  
MEASURES DURING THE SEVEN YEAR DURATION OF THE PLAN (1979-

1985) WILL TOTAL 880 MILLION UNITS OF ACCOUNT, OF WHICH 51 MILLION WOULD BE PAID ANNUALLY BY FEOGA. WHILE FRENCH HAVE ARGUED ON NUMEROUS OCCASIONS IN FAVOR OF THE MINIMUM PRICE CONCEPT AS A MEANS OF MARKET PRICE STABILIZATION, THE ITALIANS HAVE OPPOSED SUCH A SYSTEM, BELIEVING THAT IT WOULD REDUCE EXPORTS OF LOWER PRICED ITALIAN WINES TO FRANCE. FOR THE ITALIANS, THE ISSUE IS FURTHER COMPLICATED BY THE FACT THAT THE PROPOSED FLOOR PRICE MEASURES FOR WINE COULD PROVE HELPFUL IN COMBATING LOW PRICED WINE IMPORTS RESULTING FROM AN ENLARGED COMMUNITY. BOTH COUNTRIES HAVE MADE APPROVAL OF THE WINE MEASURES CONDITIONAL ON SATISFACTORY RESULTS IN OTHER AREAS. THE FRENCH HAVE LINKED WINE TO AFFORESTATION MEASURES PROPOSED FOR ITALY, WHILE THE ITALIANS HAVE SAID THAT PROGRESS ON THE WINE PROPOSAL SHOULD BE LINKED TO CONSTRUCTIVE MEASURES TO CONTROL EXCESS PRODUCTION IN OTHER AREAS SUCH AS DAIRY PRODUCTS. A TOUGH FIGHT IS EXPECTED IN THE COUNCIL BEFORE THESE ISSUES ARE RESOLVED.

3. COMMENT: A WELL INFORMED AND HIGHLY PLACED COMMISSION OFFICIAL COMMENTED, DURING A TOUR D'HORIZON WITH US, THAT THE COMMISSION'S PROPOSAL IN THE WINE SECTOR IS ONE OF THE MORE FOOLISH PROPOSALS TO COME OUT OF THE COMMISSION IN RECENT HISTORY. HOWEVER, GIVEN ITS POTENTIAL IMPORTANCE BOTH FOR THE MTN AND FOR ENLARGEMENT IT WAS ALLEGEDLY UNOPPOSED WITHIN THE COMMISSION. HINTON  
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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, WINES, NEGOTIATIONS  
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**Draft Date:** 31 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRUSSE14856  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
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**Reference:** 78 BRUSSELS 14550  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Status:** NATIVE  
**Subject:** WINE SECTOR PROPOSALS  
**TAGS:** EAGR, BR, US, EEC  
**To:** STATE  
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**Review Markings:**  
Sheryl P. Walter  
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